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STATE OF WASHINGTON

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Supply Chain Management Procurement -

NIGP Commodity Codes Data Standards Business Case

Business Sponsor and

EA Committee Endorsed

Version 2.0

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Information Services Board
Enterprise Architecture Committee

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Co-Chair

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1   **Table of Contents**

1. Executive Summary

This document establishes the business case for the state to adopt the National Institute of Government Purchasing (NIGP) Commodity Code System as a state data standard for agency procurement and supply chain management systems.

The NIGP Code System is a national best practice used by 32 states that provides a flexible structure for improving vendor communications and spend management reporting.

This document and recommendation build on the Department of General Administration (GA) Procurement Reform Project and the statewide Roadmap Project. The proposed standard uses an incremental approach to achieve standard code use and positions the state for current and future enterprise-based systems and reports.

Some Washington State agencies, higher education, and local government organizations have already adopted or plan to use the NIGP commodity code system.

The change will be transparent to most agencies as they will simply utilize the new NIGP Commodity Codes in changes to state systems like Washington's Electronic Business Solution (WEBS) and future enterprise supply chain systems.

The state should adopt Commodity Code Data Standards that apply to new procurement and supply chain management systems or to existing ones when significantly redesigned or replaced. Agencies may choose to begin to incorporate the NIGP Commodity Code incrementally and are encouraged to do so.

1.1. Proposed Data Standard and Scope

The state should adopt the NIGP code at a 5-digit level minimum. Agencies may also use 7 and 11 digit class codes for systems as needed for business needs.

- The NIGP Commodity Code Data Standards should be used for new procurement and supply chain management systems.

- Existing systems or those under construction as of October 8, 2009 are not required to comply until significantly redesigned or replaced

1.1.1. Strategic Alignment

- 2008-2014 State Strategic IT Plan Goals and Strategies [**SSITP**].
- State Procurement Reform **(Reform).**
- State Financial and Administrative Policies, Processes, Systems and Data.

1.1.2. Related Initiatives/Major Systems

- Grants, Contract, Loans, Management (GCLM) project

- Washington's Electronic Business Solution (WEBS) system

1.1.3. Related Initiatives/Major Systems

1.2. State Sponsorship - Who are the Executive and Business Sponsors?

- The Department of General Administration (GA) is the primary Business Sponsor and Steward.

- In April 2008, the Roadmap executive sponsors agreed/approved the state adopt NIGP Commodity Codes as a state standard. This endorsement was based on recommendations from the GA lead Roadmap Positioning Activity Coordinating Team study that conducted statewide focus groups, and from the Roadmap Project's Enterprise Business Process Modeling and Scoping Report that also began the state's Procurement Reform effort.

- At that time the Roadmap Executive Sponsors represented the following central service agencies: General Administration, Office of Financial Management, Department of Personnel, and Department of Information Services.

2. Introduction and Background

- Washington State spends approximately $2.4 billion annually to buy operating commodities and services from 50,000 different vendors. The state and agencies that maintain procurement systems currently use a 1970s-based Federal Supply Code (FSC) system for consumable inventory management.

- Over the years, the state's procurement systems have lost common code structure. As such, the state is not able to create accurate state spend reports or advertise goods and services on state systems such as WEBS with a common structure the vendor community supports.

- GA provides statewide support for commodity codes.

- A commodity code system is an enterprise business tool for improving the planning and strategy for supply chain management. It uses a hierarchical structure based on numerical digits to progressively categorize purchased goods, services, grants, or loans.

99 • A standardized commodity code structure provides the ability to reliably know the category of
100   product you are managing.

2.1.1. What data do you propose to standardize?

102 • Commodity codes for state and agency procurement or supply chain management systems.

2.1.2. Why is the standard needed? What problem/opportunity does it solve?

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105
106

107 • The state does not have the ability to create detailed spend analysis and reporting, in part
108   because the state's existing agency and statewide procurement systems do not have
109   standard commodity codes.

110 • About 8 agencies, including General Administration, maintain a total of 21 main procurement
111   systems. The systems were first built using the Federal Supply Codes (FSC), yet over time
112   unique, custom codes were added to accommodate business needs resulting in non-
113   standard code use.

114 • All agencies, including the majority that do not have the business need to maintain
115   procurement systems, currently use Washington's Electronic Business Solution (WEBS) for
116   solicitations and bids.

117 • WEBS is built with the deviated FSC code set and other non-standard codes which make it
118   difficult for vendors seeking to do business with the state.

119 • A standard code enables what is referred to as "spend analysis and reporting" and positions
120   future systems to use the same data standards.

121 • Using the same commodity code set statewide will help reduce state and agency
122   procurement costs by leveraging volume discounts and improving business strategy and
123   planning.

124 • The analysis process helps answer questions like:

125   o What have we purchased and when?
126   o Who did we buy from and how much did we pay?
127   o How many of the same items have we purchased? How many were from the same
128   vendor?

129 • Nationally recognized codes also make it easier for vendors to do business with the state.

2.1.3. What work has been done already?

131 • Washington State has purchased the NIGP Commodity Codes for statewide agency use.
132   General Administration obtained a statewide license beginning April 2008 following a series
133   of multi-agency studies and sponsorship.

134 • June 2006 – The Roadmap Project's Enterprise Business Process Modeling and Scoping
135   report recommended beginning Procurement Reform and adopting the National Institute of
136   Government Purchasing (NIGP) commodity/service code structure.

137 • February 2008 - The GA lead Roadmap Positioning Activity Coordinating Team study
138   resulted in a recommendation to "adopt the full National Institute of Government Purchasing
139   (NIGP) Commodity Code System as the state standard for commodity/service codes " The
140   analysis for this approval included all of the following:

141   o Six options for repairing and adapting the state's current commodity code were
142   considered. Finally the option of standardizing on a national standard was selected
143   to address concerns about the unique Washington commodity code that was not
144   considered transparent enough for the public procurement expectations of the
145   vendor community.

146   o The availability of cross-walk tables and conversion services from NIGP were
147   identified to help adapt legacy commodity code databases at the state of
148   Washington; however, the total conversion cost has not yet been determined.

149   o The NIGP Commodity Code was then licensed by 25 states (now 32 in Appendix C)
150   thereby providing a community of state governments for the state of Washington to
151   leverage for implementation.

152   o Analysis of the commodity code practice at the state of Washington revealed 5
153   different forms of commodity codes in 5 different lines of business at GA, DSHS, and
154   OFM (reference Appendix D). The NIGP Commodity Code was successfully tested
155   to verify support for these 5 lines of business.

156   o The NIGP Commodity Code was successfully tested against 8 known commodity
157   code databases at the state of Washington's GA, OFM, DSHS, DOC, and WSDOT,
158   to estimate costs and effort to convert these to the NIGP Commodity Code
159   (reference Appendix E).

160   o The NIGP Commodity Code was successfully tested against the requirements to
161   classify service contracts, grants, and loans for the Grants, Contracts, and Loan
162   Management System Project.

- April 2008 - The Roadmap Executive Sponsors approved the National Institute of Governmental Purchasing (NIGP) Code as a standard for the state of Washington.

- May 1, 2008 the Department of General Administration contracted for a statewide license for the 11-digit NIGP Commodity Code.

- The state annually licenses the NIGP Commodity Code up to the 11-digit level. The current license is in effect through April 24, 2010.

- The Washington Statewide NIGP Commodity Code License was introduced to the state and local government purchasing and contracting community and participating vendors at the October 2008 Trade Show sponsored by the state of Washington.

- Subsequently the Washington Statewide NIGP Commodity Code License was made available to early adopters for new systems under development at local governments, state government agencies, and the University of Washington (reference Appendix B). Of these the University of Washington has most significantly advanced their early stage implementation of the NIGP Commodity Code in a pilot contract management system. It will use the NIGP Commodity Codes at both the vendor level and the item level. Carla Helm, Mark Conley, Ray Hsu, and Deb Dwyer represent the NIGP Commodity Code early adopter purchasing team at the University of Washington.,

- The NIGP Commodity Code was successfully tested in spring 2009 against systems supporting 16 different lines of business using a commodity code classification strategy (reference Appendix F). These tests validated the suitability of the NIGP Commodity Code for each line of business.

2.1.4. Who are the early adopters?

- Early adopters include state agencies, education sector, and local government. Notably, the Office of Financial Management's Grants, Contracts and Loan Management (GCLM) system plans to utilize the NIGP Codes following project approval (see Appendix B).

- The Washington's Electronic Business Solution (WEBS) system is expected to incorporate the new standards upon adoption.

2.1.5. Lines of Business that may not benefit

- The NIGP Commodity Code Standard is intended to enhance state supply chain management practices. Certain state business activities by their nature represent incomplete supply chains and may not be enhanced by the NIGP Commodity Code Standard. Lines of business will be fully evaluated by GA prior to the application of the NIGP Commodity Code Standard.

2.2. Benefits

What are the business benefits to the state and agencies?

- **Promote Data Sharing** - Through common data standards, the integrity of standardized data shared between systems can be improved. Standardized data is a pre-requisite for next generation, back-office systems, Service Oriented Architectures, and ERP Systems.

201 • **Promote Common IT Practices** – Standardized data requires implementation and
202 management standards in order for that data to consistently provide common functionality
203 across the state.

204 • **Enable Vendor Transparency** – The use of a national standard commodity code to
205 categorize vendors would improve the transparency of communications between vendors
206 and state purchasers about what vendors can sell to the state. Currently WEBS uses a non-
207 standard commodity code that confuses both vendors and purchasers.

208 • **Enable Hierarchical Spend Transparency** – The use of national standard commodity code
209 with hierarchical integrity would allow the state to confidently analyze spend at different
210 levels of detail. Lower levels of detail could support market analysis, mid-level detail could
211 allow the state to manage goods spend separate from services spend, and higher detail
212 could support inventory management. A national standard commodity code with hierarchical
213 integrity would enable the state to bring much of this data together to produce reports that
214 encompass more of the actual state spend.

215 • **Enable Multiple Spend Transparency** – The use of national standard commodity code with
216 established relationships to other national standard and industry codes would allow the state
217 to convert purchasing card spend data to commodity code spend data to be analyzed with
218 other known state spend data to produce reports that encompass more of the actual state
219 spend.

220 • **Improve Decision Making** – State spend reports that use a national standard commodity
221 code would allow the state to better identify what types of products or services are
222 purchased and how much is spent. These reports could support a strategy to improve
223 volume purchasing to lower costs, or to inform contract negotiations to improve value for the
224 state.

225 • **Provides an Integrated End-User Experience** – NIGP provides centralized support, a web-
226 based interface for agency staff, an online search capability, and the ability to download the
227 latest code set. Today inventory systems require the correct commodity codes to check
228 received goods into inventory before they can be checked out for deployment and this can
229 involve a phone call to GA for commodity code assistance. The online NIGP commodity
230 code search utility can increased agency commodity code competency and support the
231 faster deployment of critical goods to field operations.

232 • **Enable Investments in Common Systems –** A standardized commodity code system with
233 hierarchical integrity is a pre-requisite for ERP Systems and modern financial, accounting,
234 purchasing, vendor management, and warehouse management systems. In the near term a
235 standardized commodity code system with hierarchical integrity can enable a common
236 system improvement approach for the state's back-office and vendor management systems.

237 2.3. Standardization Impacts

238 *What are the impacts to the state and agencies from standardization?*

239 • Standardization takes the change control away from individual practitioners and consolidates
240 change control into a governance process for the community of practitioners.

241 • These particular standards include a third party provider of a web based online commodity
242   code lookup feature to directly enable end users. This will likely require a change to current
243   agency commodity control procedures that used to go through the Department of General
244   Administration.

2.4. Business Sponsors Endorsement

2.4.1. Statutory Authority

247 • The provisions of RCW 43.19.190 detail the powers and duties of the Department of
248   General Administration (GA) including the director of general administration, through the
249   state purchasing and material control director shall 'Provide for a commodity classification
250   system and may in addition, provide for the adoption of standard specifications.'

2.4.2. Stakeholder Roles and Responsibilities

252 • Since 2006, the following statewide groups and agency stakeholders have provided a
253   governance structure for commodity code data standards similar to the Data
254   Management Association (DAMA) or other national models:

2.4.2.1. Data Governance Council

256 • Procurement Reform Executive Sponsors: GA Director, Linda Bremer and GA Services
257   Division Assistant Director, Phil Grigg.

258 • Procurement Reform Project Director, Servando Patlan (GA)

259 • Former Roadmap Executive Sponsors: the Director of DIS and the Deputy Director of
260   OFM.

2.4.2.2. Data Stewardship Steering Committee

262 • Procurement Reform Project Decision Team. The current membership includes Phil
263   Grigg (GA), Servando Patlan (GA), Peter Antolin (OFM), Regan Hesse (OFM), Jan
264   McMullen (OFM), WIlford Saunders (DIS), Scott Turner (DOP), Pam Derkacht (Printer),
265   and Cathy Canorro (OMWBE).

2.4.2.3. Data Stewardship Teams

267 • Procurement Reform Project Work Team led by the Procurement Reform Project
268   Manager Servando Patlan (GA). Current team members include: Becci Riley (OFM),
269   Marie Kirk (DIS), Momi Friedlander (OMWBE), and Katherine Vasquez (Printer).

270 • Central Services Customer Advisory Team (reference Appendix G). The current
271   membership includes 29 agencies and 63 individuals.

272 • All state of Washington agencies and institutions through participation in the Central
273   Services Customer Advisory Group.

274 • Roadmap Advisory Group where commodity code discussions were lead by the
275   Procurement Reform Project Manager Servando Patlan (GA). Team members included
276   financial and administrative subject matter experts and leadership from many state
277   agencies.

2.5. Key Issues or Decisions

279 *What key issues or decisions were addressed?*

280 The primary stakeholders/business stewards discussed and resolved the following outstanding
281 questions?

282 • **Support** – Central commodity code support should transition from the Department of General
283 Administration to NIGP

284 • **Business Reporting and Systems Design** – Minimum code level should be 5-Digits.
285 Agencies may use 7-Digits or 11-Digits based on business needs. Agencies should not use
286 3-Digits to code an item as it does not provide enough detail for statewide reporting.

287 • **Interoperability and Integration** - For existing 10-Digit systems, agencies may truncate
288 11th-Digit. The 11th digit is a checksum data quality field.

289 • **Future Interoperability** – NIGP plans to incorporate XML support in a version to be released
290 fall 2009.

291 • **Governance** – Agencies shall not create their own codes. NIGP will create all unique and
292 custom codes for agencies and the state.

293 3. Recommended Solution and Alternatives Considered

294 The state should adopt the NIGP code at a 5-digit level minimum. Agencies may also use 7-digit
295 and 11-digit class codes for systems as needed for business needs.

296 The NIGP Commodity Code Data Standards should be used for new, significantly redesigned, or
297 replaced.procurement and supply chain management systems. Agencies shall contact NIGP
298 Customer Service at (800) 757-6064 x223 or info@nigp.com to be set up as agency
299 administrators, obtain general assistance, or inquire about custom codes. PERISCOPE
300 HOLDINGS, INC. is contracted to respond within 24 hours.

301 • Agencies shall download the entire 11-Digit Code set, yet may choose to use 5-Digit, 7-
302 Digit, or 11-Digit codes based on business needs.

303 • The 3-Digit Class code shall not be used to code an item, yet can be used as a point of
304 reference.

305 • Agencies shall not create codes. NIGP shall be responsible for creating all new state or
306 agency unique codes.

307 • Agencies may download the latest NIGP codes at any time, yet shall update their code
308 set at least quarterly. NIGP creates new codes dynamically as new goods and services
309 come to market.

310 3.1. Alternative A - Continue to use Federal Supply Codes (FSC)

311 Do nothing. Continue to use FSC code set and create unique codes.

312 • The state's FSC structure continues to fragment resulting in more non-hierarchical codes
313 and non-matching codes for the same good; which confuses vendors and reduces the
314 transparency expected of the state's public procurement practice.

315 • Does not provide ability to analyze spend data or create spend reports.

316 • State continues to invent codes (over 2,000 new service codes will be required for grants
317 and loans).

318 • GA continues to provide updates and assistance and clean up unused and outdated
319 codes

320

3.2. Alternative B – Consideration of Other Description Code Systems

- The North American Industrial Classification Code System classifies businesses and industries but not products and services. This limitation will not fully serve the business needs of the state of Washington.

- The United Nations Standards Products And Services Code is used by many electronic procurement systems however being international in scale it is not fully responsive to the needs of state and local governments for classifying grant and loan agreements. The government membership structure provides for only 10 members to access membership services including the commodity code; this does not provide enough access for the breadth of government business at the state of Washington.

- Manufacturer's Bar Codes are controlled by manufacturers and the code governance is not open to the state of Washington. This coding system does not cover services. The state of Washington spends more on services than it does on goods, so this coding system would leave a big gap in the opportunity to understand the state's spend profile.

4. Cost and Benefit/Impact Analysis

- The new commodity codes will be transparent to most agencies as they will simply utilize the new NIGP Commodity Codes in state systems like WEBS and future enterprise supply chain systems.

- There is no cost to agencies to download and use the NIGP Code. Each agency is assigned one administrator seat. Agencies contact NIGP for support, receive updates, or request custom codes for new or unique items.

- The NIGP Code is already available for statewide use. GA acquired a statewide enterprise license for about $22,000 a year starting May 1, 2008. (Reference Appendix H)

- Agencies that choose to migrate existing systems may incur conversion costs, yet download and use the NIGP Code at no charge.

- The cost to convert all agency procurement systems has not been fully determined. A previous study identified costs for cross-walk tables (Reference Appendix E) to match existing agency code sets to the new NIGP codes which would be part of the work needed to fully convert a system.

- There are a variety of ways the commodity code standard could be implemented at the state of Washington such as:

  o A single enterprise system implementation within an Enterprise Resource Planning (ERP) application.

  o Alternatively current agency or statewide systems could be converted with costs varying on the code level used for the business application. The NIGP 5-digit code has fewer codes to convert than the 7-digit and 11-digit codes. The different lines of business not the cost of conversion should drive the level of the commodity code conversion.

  o Codes converted for one agency could mostly be used by another agency without additional commodity code conversion costs. The master contract with Periscope Holdings, Inc. includes a rate for a per commodity code conversion and that rate has been used to estimate some of the commodity code conversion costs (reference Appendix E).

o   In addition to commodity code conversion costs are the costs to adapt legacy systems. Costs not yet estimated may be driven by the system changes necessary to derive value from the commodity code standard through the new agency and enterprise reporting made possible by a commodity code standard.

4.1. What are the impacts of the proposed data standards?

- The proposed standard uses an incremental approach to achieve common code use and positions the state for current and future enterprise-based systems and reports.

- The state has around 21 main procurement systems maintained by about 8 agencies. The systems were first built using the Federal Supply Codes. These systems are not required to use the new NIGP Code until they are significantly redesigned or replaced. Agencies may choose to begin to incorporate the NIGP Commodity Code incrementally and are encouraged to do so..

5. Governance

5.1.1. Maintain hierarchical structure and commonality

- Agencies shall maintain the NIGP commodity code hierarchical structure.

- Agencies shall not create custom codes. NIGP is responsible for creating new codes.

5.1.2. Request a new or custom code

- Agencies shall contact NIGP to request all new or custom codes. NIGP will provide all codes, including those unique to Washington State. The Department of General Administration and NIGP will together manage codes unique to the state of Washington.

5.1.3. Receive major NIGP Code updates

- Agencies will receive minor NIGP Code updates directly from NIGP's website. The downloadable code set is updated dynamically as new items come to market.

- For major updates to the NIGP Commodity Code, NIGP will contact the Department of General Administration (GA) to participate on a national commodity code revision team. GA and NIGP will notify agencies of major NIGP Code updates.

5.1.4. Roles and Responsibilities

- As the Business Sponsor/Executive Data Steward, GA will continue to involve statewide administrative and financial agencies such as Office of Financial Management, Department of Personnel, Office of Minority and Women's Business Enterprises, Department of Information Services and statewide procurement groups in the governance and major change management process. GA may request other stakeholder groups to represent statewide data stewards as needed.
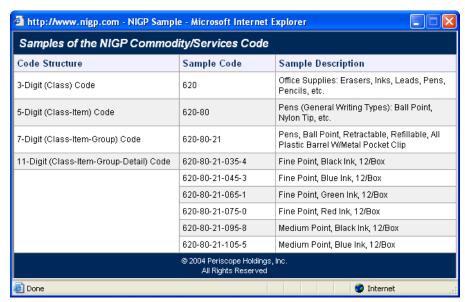
6. Document History

Date	Version	Editor	Change

June 22, 2009	1.0	Paul Douglas, DIS Documenter Team	Initial Draft
Aug 17, 2009	1.1	Paul Douglas, DIS Servando Patlan, GA OFM Business and EA Architecture Team	Added subject matter base for commodity code business. Add training and other elements. Adapt to Documenter Team Suggested Format. Suggested edits to ready draft for distribution. Whole document revisions based on Documenter Team structure comments, early Stakeholder feedback, and draft NIGP Code Standards Updated with input from Office of Financial Management (OFM) team throughout document for readability and content
Aug 20-25, 2009	1.2	Servando Patlan, GA EA Committee Comments Statewide Stakeholder Comments	Rewrite Benefits Section, Edits suggested by UW, Reorder Roadmap References Eliminate former Section 2.4.2 Who are the business stakeholders. This was redundant to former Section 1.2 State Sponsorship Who are the Executive and Business Sponsors. Added exceptions info and lines of business that may not apply Added Figure 1 to illustrate process and value. Executive Summary – Added the state should adopt the Commodity Code Data Standards for new systems or when significantly redesigned or replaced. Agencies may choose to begin to incorporate the NIGP Commodity Code incrementally and are

			encouraged to do so.
			1.1 Scope - changed date to expected October 8, 2009 (expected ISB approval). Clarified "Existing systems are not required to comply until significantly redesigned or replaced."
			2.1.2 – Added graphic to Why Standard is needed – per EAC recommendation.
			2.1.5 – Added Lines of Business that may not benefit
			2.2 – Reworked Benefits section to improve communication and articulation of value proposition – per EAC comments
			2.3 – Added value to users and vendors for standardization.
Aug 26, 2009	2.0	Servando Patlan, GA Paul Douglas, DIS	Enterprise Architecture Committee Endorsed

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7. Appendix A – NIGP Code Sample

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3-Digit Class Code – **Should NOT use**.	5-Digit Class-Item Code
The 3-Digit Class Code has a brief general description. This level contains 209 Commodity (Product) Classes and 55 Service Classes totaling 264 Classes. The 3-Digit Code is primarily used to generate periodic expenditure history by department for fiscal planning, budget execution, and accounting.	The 5-Digit Class-Item Code is an expanded version of the 3-Digit class Code. Currently, it contains over 8,400 descriptions. This level categorizes vendors by class-item to allow your procurement software to automate bidder selection, produce no-bid response reports, vendor performance reports, and minority business and HUB reports by Code. Purchase history can be captured at this level as well.
7-Digit Class-Item-Group Code	**11-Digit Class-Item-Group-Detail Code**
The 7-Digit Code provides an additional level of purchase description. It contains over 25,000 descriptions. It can be used to develop a specification file and is used with the 11-Digit Code to create a comprehensive purchase description.	The 11-Digit Code is generally used to create, manage, and maintain line-item term contracts. It is also used to identify stock items in your inventory. This level of the Code currently contains over 250,000 descriptions which provides a great amount of flexibility when creating your contracts. The 11-Digit Code is also used with your procurement software to capture purchase history from your term contracts. This history can then be used to create periodic management reports stating how much was spent during the period for what, whom, and from whom. Note: Could be modified to 10 digits (Reference Section 2.5 Key Issues or Decisions).

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404 ## 8. Appendix B – Statewide Early Adopters

405 Washington State NIGP Commodity Code System early adopters include:

#	Representative & New System or Purpose	Status	Code Level
1	New System: UW Contract Management System Agency: University of Washington NIGP Access: Deb Dwyer, Project Business Analyst 206-543-5838 dpdwyer@u.washington.edu	In Progress	NIGP Code adopted at 7-digit item level and 5-digit vendor level
2	To augment the current PAS Vendor Order & Payment File Agency: University of Washington	RFP Released	NIGP Code selected at 5-digit level
3	New System: City of Bellevue Inventory Tracking System NIGP Access to be assigned to Steve McCool, Utilities Manager City of Bellevue Ph 425-452-2924 email SMcCool@Bellevuewa.gov Sean Pownall, Operations Supervisor – Inventory Program Manager at the City of Bellevue Fleet Operations 425-6022 SPownall@bellevuewa.gov	Implemented	NIGP Code adopted at 11-digit level
3	New System: Print Management Information System Agency: Washington State Department of Printing Jean-Luc Devis, Project Sponsor NIGP Access assigned to Rand Daley, Contracts Manager 360-570-5554 randall.daley@prt.wa.gov	In Test Mode	NIGP Code adopted at 7-digit level
4	Project and System: New System: Grants, Contracts and Loan Management (GCLM) Agency: Washington State Office of Financial Management Doug Beam, Project Manager NIGP Access: Owen Barbeau, Product Manager 360-664-7766 Obarbeau@ofm.wa.gov	Suspended Plan to implement when project approved.	NIGP Code adopted at 7-digit level
5	New System: Seattle Public Schools SAP Asset Tracking System Agency Lead: Seattle Public Schools NIGP Access: Craig Murphy, Purchasing Manager 206-252-0570 cemurphy@seattleschools.org	In-Progress	NIGP Code adopted. X-digit level TBD
6	Purpose: Spend Management Research Agency: Washington State Department of Corrections NIGP access assigned to Tom R. George, Assistant Comptroller 360-725-8306 TRGeorg@doc1.wa.gov	Under Review	NIGP Code under review X-digit level TBD
7	Purpose: Spend Management Research Agency: Washington State Department of Transportation NIGP access assigned to David A Davis (360) 570-6711 DaviDa@wsdot.wa.gov	Ferries Business Case developed	NIGP Code examined

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407 **9. Appendix C – States Using NIGP**

408 The following states are licensed to use the commodity code system from the National Institute of
409 Governmental Purchasing.

- Alabama, State of
- Alaska, State of
- Arizona, State of - Dept of Admin
- Arkansas, State of
- District of Columbia Government
- Georgia, State of
- Illinois, State of
- Iowa, State of
- Kentucky, Commonwealth of
- Louisiana Dept. of Transportation and Development
- Maryland, State of - Department of General Services
- Michigan, State of
- Mississippi, State of
- Missouri, State of
- Nebraska, State of
- Nevada, State of
- New Hampshire, State of
- New Jersey, State of

- North Carolina, State of
- North Dakota, State of
- Ohio, State of
- Oklahoma, State of
- Oregon, State of
- Pennsylvania (Office of Minority Tracking)
- Rhode Island, State of
- South Carolina, State of
- South Dakota, State of
- Tennessee, State of
- Texas, State of
- Virginia, Commonwealth of
- Washington, State of
- West Virginia, State of
- Wisconsin, State of

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411 ## 10. Appendix D – Potential System Impacts

412 The following table compares the structures of the current state FSC codes, the NIGP codes, and
413 the codes used in various systems that are known at this time. It appears that most systems
414 have adequate field length to accommodate the NIGP code structure.

Code Structure/System	Provider Registration/ Solicitation	Capital Assets/ Spend Management	Warehouse/ Inventory Management	
	Level 1	Level 2	Level 3	Level 4
State's custom version of Federal Supply Code (FSC)	Group	Class	Commodity	Identifier
Character Layout	xx	xx	xxx	xxx
Character Count (10)	2	2	3	3
Character Type	Alpha/Numeric	Numeric	Numeric	Numeric
NIGP code	Class	Item	Group	Detail
Character Layout	xxx	xx	xx	xxx-x
Character Count (11)	3	2	2	3+1
Character Type	Numeric	Numeric	Numeric	Numeric
Construction Service Code[1]				
Character Layout	xxxxx			
Character Count (5)	5			
Character Type	Numerical			
OFM CAMS[2] (FSC-based)	Group	Class		
Character Layout	xx	xx		
Character Count (4)	2	2		

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[1] Construction Service codes are used to augment FSC-based codes in WEBS, for bidding small works construction service projects

[2] CAMS: Capital Asset Management System

Character Type	Numeric	Numeric	
GA WEBS[3] (FSC-based)	Group	Class	Commodity
Character Layout	xx	xx	x
Character Count (5)			
(System limit 11 characters)	2	2	1
Character Type	Numeric	Numeric	Numeric
TRACKS[4] (FSC-based)	Group	Class	
Character Layout	xx	xx	
Character Count (4)	2	2	
Character Type	Numeric	Numeric	

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[3] WEBS: Washington Electronic Business Solution, provider registration for notification of procurement opportunities

[4] TRACKS: System used by DSHS and DOC for purchase order and capital asset tracking.

11. Appendix E – NIGP Crosswalk Table Estimates

Crosswalk tables would need to be developed for the unique versions of FSC-based codes being used by other agencies. These services entail development of a table that relates each of the commodity codes used in a system to the applicable NIGP code. These "crosswalk" tables could be used to help convert system data to NIGP codes, yet do not satisfy all steps need to fully convert existing systems. Additional costs would probably be incurred for business and systems analysis, training, and eventual system modifications to accommodate the NIGP code structure.

Periscope Holdings, Inc. offers commodity code cross-walk services at a rate of $1.00 to $3.25 per code, depending on the code level and complexity.   NIGP currently provides a standard cross walk table for the NAICS codes used by the Washington State OMWBE. Cross walk tables would need to be developed for the unique versions of FSC-based codes being used by other agencies.

The following table summarizes the projected costs of developing the cross walks for the codes used in state and agency systems that are known at this time. GA PCMS (10 Digits) 117,113 only 8% of these are used by state of Washington. Additional costs would probably be incurred for business and systems analysis, training, and eventual system modifications to accommodate the NIGP code structure.

Agency and System	Commodity Code Count	Low Estimate $2.50 per 11-digit code conversion	High Estimate $3.25 per 11-digit code conversion
GA Central Stores Catalog	287	$717	$933
GA WEBS (4-5 Digits)	1,290	$3,225	$4,192
OFM CAMS (4 Digits)	447	$1,117	$1,452
DSHS TRACKS (4-Digits)	1,025	$2562	$3,331
DOC TRACKS (4-digits)	*Pending*		
WSDOT Stores (10 Digits)	2,639	$6,597	$8,576
WSDOT Stockpile (10 Digits)	54	$135	$175
WSDOT Ferries (10-Digits)	9,890	$24,725	$32,142
Total		**39,078**	**50,801**

437 **12. Appendix F – NIGP Commodity Code Conversion Test Cases**

438 **16 Lines of Business at GA, OFM, WSDOT, DIS, and OMWBE**

Agency	Line of Business
GA	Mail Systems Interface with Printer Supply System
GA	Warehouse Management System
* GA	Food Distribution System
GA	Motor pool Supply Management System
GA	Surplus Management System
** GA	Vehicle Ordering System
GA	Purchasing & Contract Management System
GA	Washington Electronic Business Solution (WEBS)
GA	Facilities Supply Management System
GA	Purchasing Card Database
GA	WEBS for Engineering & Architectural Services Construction Service Codes
DIS	Leasing & Brokering Services for Information Technology Codes
*** OFM	Capital Asset Management System
OFM	Grants, Contracts, and Loan Management System
OMWBE	North American Industrial Classification System
WSDOT	Ferries Minor Capital Database

439   * The Food Distribution System uses the USDA Codes to classify food. All reporting is done
440   using USDA Codes. All food procurement and distribution occurs within the federal system,
441   precluding and state spend management.

442   ** The GA Vehicle Ordering System has mislabeled vehicle order option codes as commodity
443   codes and will be re-labeled without conversion to NIGP Commodity Codes.

444   *** The OFM Capital Asset Management System had mislabeled asset class codes as commodity
445   codes in the Washington Statewide Administrative and Accounting Manual (SAAM). The SAAM
446   has since been corrected.

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13. Appendix G – Central Services Customer Advisory Group

- ▶ The Military Department
- ▶ The Department of Early Learning
- ▶ The Department of Social and Health Services
- ▶ The Department of Revenue
- ▶ The Department of Transportation
- ▶ The Department of Employment Security
- ▶ The Department of Corrections
- ▶ The Governor's Office
- ▶ The Department of Personnel *
- ▶ The Department of Licensing
- ▶ The Attorney General's Office
- ▶ The State Auditor's Office
- ▶ The Department of Labor and Industries
- ▶ The Department of Health
- ▶ The Department of Printing *
- ▶ The Department of information Services *
- ▶ The Office of the Superintendent of Public Instruction
- ▶ The Department of Natural Resources
- ▶ The Office of Financial Management *
- ▶ The Department of Revenue
- ▶ The Office of Minority & Women Business Enterprises *
- ▶ The University of Washington
- ▶ The Liquor Control Board
- ▶ The Utilities & Transportation Commission
- ▶ The Department of Ecology
- ▶ The Department of Community, Trade, & Economic Development
- ▶ The Department of Veterans Affairs
- ▶ The Department of General Administration *
- ▶ The Washington State Board for Community & Technical Colleges

*Also on the Steering Committee

14. Appendix H – NIGP Overview

Who Is NIGP?

The National Institute of Governmental Purchasing, Inc. (NIGP) is a national, membership-based non-profit corporation providing support to professionals in the public sector purchasing profession. NIGP provides its members with many services, including education, professional networking, research, and technical assistance. To learn more about the NIGP organization and its member services please visit www.nigp.org.

In 1983, NIGP conducted a purchasing automation survey of cities, counties, provinces, school districts, colleges, and universities. 83% of respondents expressed a strong interest in a standard commodity/service code. NIGP responded by developing the NIGP Commodity/Service Code.

What Is The NIGP Commodity/Services Code

The NIGP Commodity/Services Code (NIGP Code) is a proprietary product comprised of an extensive library of descriptive codes assembled and organized into a coding structure to identify and describe a wide variety of products and services. The Code is very useful to public sector purchasing professionals for tracking purchasing activity, for budgeting and management reporting, for tracking and controlling inventory, and for classifying suppliers by the types of products they provide. The Code, which is a copyrighted product, owned by NIGP, was developed by NIGP in partnership with Periscope Holdings, Inc. (Periscope), who holds the exclusive license to maintain, enhance, and market the Code.

The NIGP Code has become the national standard for product/service codes used in the public sector. It is used at some level by thirty-three (33) states and literally hundreds of local jurisdictions and political subdivisions.

The NIGP Code is constantly changing. Periscope actively solicits suggestions from users of the NIGP Code to insure that the Code is kept current and effective. And, Periscope provides a personalized coding service, which allows users of the NIGP Code to have their own inventory item files (or other lists of products or services) coded to the NIGP Code. Click here to learn more about having your items coded to the NIGP Code.

What Is NIGP.com

NIGP.com is one of the primary research and technical assistance tools for purchasing professionals. This Internet Website is maintained by Periscope for NIGP to provide licensed users of the NIGP Code with a NEW version of the Code called the Living Code. The Living Code is an electronic version of the NIGP Code, which is updated dynamically as codes are added or changed. For the first time, licensed users of the NIGP Code have immediate access to a completely current version of the NIGP Code

15. Glossary

Note: This Glossary refers to business area specific terms as well as those identified within the Enterprise Information Architecture (EIA) Glossary that contains more complete definitions.

Business Owner	Is responsible for the resources and management for the day to day operations of systems, data, processes, and relationships about that system
Business Steward	Is responsible for the data specifications and data quality of specifically assigned business entities, subject areas or databases
Commodity Code	Is a classification tool that is governed by laws and principles covering the classification of any useful thing. Such a tool uses a hierarchical structure of component codes that together can provide a detailed account of a useful thing, usually an article of business interest. When a commodity code is regularly maintained with new component codes and modern descriptions in accordance with the governing laws and principles, it is known as a "live code". As a tool the commodity code provides a structure for standardized purchasing, used to bring efficiency to automated purchasing. It is a natural fit with data warehousing and decision support reporting.
Supply Chain Management	Includes responsibility for the planning and management for the business processes that begin with product specification and market analysis, through market development, product sourcing, procurement, inventory control and warehouse management, distribution, surplus and disposal, necessary to optimize cash flow and protect against market shortages.
Supply Chain Management System	Is a system or systems that address anyone or any combination of the supply chain management lines of business.
PROCUREMENT REFORM	The Department of General Administration is leading the effort to review state procurement rules, policies and procedures to identify areas for potential streamlining.

- Moving toward a common approach to register vendors and notify them of business opportunities with the state of Washington.

- Implementing a standardized statewide commodity code system.

FINANCIAL ROADMAP	The Office of Financial Management is leading the roadmap project and look across state government to:

562   ▪ Identify and implement initiatives that streamline
563   business policies and processes;

564   ▪ Make state government more flexible,
565   transparent and responsive;

566   ▪ Meet demands for better information; and

567   ▪ Better leverage the state's investment in
568   information systems.

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16. References

FSC	Federal Supply Code set, Washington State Dept of General Authority at: http://www.ga.wa.gov/PCA/SL/ExternalForms/index.html
Gartner	Critical Capabilities for Best-of-Breed E-Procurement Vendors, Gartner Group, June 2009
NIGP	The National Institute of Governmental Purchasing is a professional organization that has been developing, supporting and promoting public procurement practitioners through premier educational and research programs, technical services and advocacy initiatives since 1944,. With over 2,600 member agencies representing over 16,000 professionals across the United States, Canada and countries outside of North America, the Institute is international in its reach. **www.nigp.org** (Reference Appendix I)
PERISCOPE HOLDINGS, INC.	has been contracted by the National Institute of Governmental Purchasing to license, support, manage, and maintain the commodity code system of the National Institute of Governmental Purchasing. **www.nigp.com** (Reference Appendix I)
SSITP	2008-2009 Washington State Strategic Information Technology Plan, Nov 2008 at: http://dis.wa.gov/news/publications/IT_Strategic_Plan_2008.pdf